REMARKS

After entry of the foregoing amendment, claims 26-51 are pending in the application.

The August Action was thorough, and much time evidently went into its preparation. Applicants appreciate the detailed attention given this matter by the Examiner (notwithstanding the fact that Applicant disagrees with the conclusions reached).

Claims 1-10 and 16-25 are canceled, without prejudice to applicant's right to seek claims of the same or commensurate scope in one or more other applications. New claims 26-51 are presented.

The "receiving data wirelessly sent from a remote transmitter" limitation found in claims 26, 37 (and similar limitations found in claims 32, 44, 45 and 48) is supported, *e.g.*, at page 18, lines 4-5, 12-14, and 27-28 of the specification.

The "generating an encoding signal that depends on said digital data" limitation found in claim 27 (and related limitations found in claims 31, 36 and 49) is supported, e.g., by disclosure explaining how the encoding signal can vary logarithmically in dependence on the host digitized voice data, per page 9, lines 14-20.

The references in claims 28, 36 and 50 to plural-bit auxiliary data is supported, e.g., by disclosure at page 8, lines 3-6, the table on page 8, and page 10, lines 22-23, of the specification.

The limitation in claims 29, 39 and 43, about communicating information from the phone device in two different manners, is supported, *e.g.*, by disclosure at page 3, lines 7-10 (i.e., transmitted at call origination, and thereafter steganographically encoded in call data).

The requirement in claims 30, 38 and 47 – that the auxiliary data uniquely identify the wireless phone device (rather than identifying the digital data or a user of the device) is supported, e.g., at page 8, lines 3-5.

The limitations in claim 32, about receiving first data at a first time, and second data at a second time, etc., is supported, e.g., by disclosure at page 18, lines 27-28 of the specification (re how a device can encode in accordance with an index number that is randomly selected and transmitted to it during the set-up of each call).

The "audio" limitation of claims 33 and 42 is supported, e.g., by disclosure at page 1, lines 25-26 ("...can be used with any wireless communications device, whether for voice or data...").

The "pseudo-random" limitations found, e.g., in claims 34, 40 and 51 are supported, e.g., at page 3, lines 18-20 ("... the steganographic encoding relies on a pseudo random data signal to transform the message or identification data into a low level noise-like signal...").

Claim 35 is supported, e.g., by disclosure at page 18, lines 4-5 (seed data for a pseudo-random number generator is transmitted to the phone device during call set up, and the encoding signal then depends on the pseudo-random data).

The limitation of claim 41 is supported, e.g., by disclosure between page 18, line 22, and page 19, line 9, of the specification.

The concluding limitation of claim 44, and the limitation of claim 46, are supported, e.g., by disclosure that the same identifier can be encoded differently at different times, such as by using different pseudo-random data, per disclosure at page 19, lines 15-20.

The memory, programming, and processing circuitry limitations of claim 48 are supported, e.g., by disclosure at page 21, lines 17-20, of the specification.

The August rejection of claims 8 and 16 asserted that "... *where data is encoded so that it is not easily detected by unauthorized parties, the steganographic encoder must be responsive at least in part to the data in which the hidden plural-bit auxiliary code is encoded. If this were not the case, then there is a risk of easily detected steganographic encoding by unauthorized parties.*"

This assertion is not correct. Consider an audio track comprised of 16-bit samples, which is to serve as the host signal (*i.e.*, the data in which a hidden plural-bit code is encoded) for steganographic encoding. The least-significant bit plane of this audio track can be replaced with bits of an auxiliary data channel to effect steganographic encoding. Such encoding is not "easily detected," yet it is not responsive at least in part to the host data.

Reconsideration is requested.

Respectfully submitted,

Date: November 8, 2006

DIGIMARC CORPORATION

CUSTOMER NUMBER 23735

By_____
William Y. Conwell
Registration No. 31,943

Phone: 503-469-4800
FAX 503-469-4777